



# King County

**Metropolitan King County Council**

**King County Auditor's Office**

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## MANAGEMENT LETTER

DATE: September 27, 2011

TO: Metropolitan King County Councilmembers

FROM: Cheryle A. Broom, County Auditor

SUBJECT: Follow-up of 2008 Facilities Management Division (FMD) Capital Programming and Planning Performance Audit Recommendations

This management letter reviews the status of FMD's progress in implementing the 2008 FMD Capital Programming and Planning Performance Audit recommendations. In summary, we determined that FMD made substantial progress in developing the framework and tools necessary to strengthen capital project programming and planning. However, FMD is still in the process of implementing portions of eight recommendations, and the scheduled implementation dates for some audit recommendations extend well into 2012 and 2013.

### Background

In February 2008, the King County Auditor's Office released a Facilities Management Division (FMD) Capital Programming and Planning Performance Audit. The 2008 audit found that FMD adhered to best capital project management practices in some areas, but its management of capital project programming and management could be strengthened. The audit offered 11 recommendations to improve its long-term capital planning that are shown in the first column of Attachment A. These recommendations include aligning FMD capital projects with overarching county and individual agencies' goals; developing frameworks for important major capital project components such as alternatives analysis, cost planning and risk analysis; and instituting project management plans and reporting formats to facilitate effective communication with county decision-makers.

Based on our follow-up review and analysis, we determined that FMD has made progress with the full or partial implementation of 10 of 11 audit recommendations. One example of an improvement is the development and County Council adoption of FMD's 2011 Real Property Asset Management Plan that aligns capital project planning with the King County Code, the Comprehensive Plan, the Strategic Plan, and with county agencies' business and operations plans. Consistent with legislative mandates and the County Executive's Capital Project Management Work Group countywide reporting, FMD also developed selection criteria for selecting its major capital projects and acquired a new project management system (e.g., Unifer) to better track and report on the status of its capital projects to county decision-makers.

Additional capital programming and planning improvements are expected to reach fruition by the end of 2011. These include the completion and/or publication of FMD and other county agencies' capital project performance measures and status reporting, and the facilities condition inspections report and final recommendations for establishing a reasonable inspections cycle and updating the major maintenance project work. By mid-2012, FMD also expects to have two new capital project management manuals in place that specify the analysis and reporting requirements for both major and other categories of FMD capital projects, consistent with the Capital Project Management Work Group countywide guidelines for content and organization.

Additional audit follow-up work will be necessary to confirm FMD's progress in implementing the remaining 2008 audit recommendations, and to determine the overall effectiveness of FMD's long-term capital programming and planning improvements. The Auditor's Office plans to recommend a second follow-up review of FMD's progress in implementing the 2008 audit recommendations in its 2012 draft audit work program for County Council approval. Two important criteria in determining FMD's success in improving performance will be whether its capital project budgets, schedules and scopes of work were transparent throughout the life of capital projects, and whether the information provided to county decision-makers on project status was accurate, transparent, reflected industry best practices, and consistent with Executive and legislative mandates for project oversight.

CB:SB:lo

Attachment

cc: Dwight Dively, Director, Office of Performance, Strategy, and Budget (PSB), King  
County Executive Office (KCEO)  
Sid Bender, Budget Supervisor, PSB, KCEO  
Mike Morrison, Budget Analyst, PSB, KCEO  
Kathy Brown, Director, Facilities Management Division (FMD), Department of Executive  
Services (DES)  
Ameer Faquir, Deputy Director, FMD, DES  
Dave Preugschat, Operations Manager, FMD, DES  
Glenn Evans, Manager, Capital Planning & Development Section, FMD, DES  
Caroline McShane, Deputy Director, Finance & Business Operations Division, DES  
Caroline Whalen, King County Administrative Officer and Director, DES  
Tom Koney, Deputy Director, DES  
Kendall Moore, Policy Staff, King County Council (KCC)  
David Layton, Policy Staff, KCC  
Mark Melroy, Policy Staff, KCC  
Amy Tsai, Policy Staff, KCC

**Attachment A (Continued)**  
**2011 Status of FMD's Implementation of**  
**FMD CIP Planning and Programming Audit Recommendations (2008-05)**

<b>Recommendations</b>	<b>Fully Implemented</b>	<b>Partially Implemented</b>	<b>Currently In Progress</b>	<b>More Work Planned</b>
<b>Recommendation #1:</b> FMD should develop a comprehensive capital program that provides a long-term plan for its capital projects and demonstrates how they support countywide or agency goals.	✓			
<b>Recommendation #2:</b> The County Council should strengthen the language in the King County Code to define the major components of capital program policy, specify the overall process required for capital programming, project planning, and approval, and clarify which types of projects are subject to these requirements.		✓		✓
<b>Recommendation #3:</b> FMD should develop a regular schedule for facility condition inspections and updates to the inventory.		✓	✓	
<b>Recommendation #4:</b> FMD should develop selection criteria for its Major Capital Projects and provide an overview of its needs assessment evaluation and selection criteria to the County Council when it submits funding request for its General Government Capital Improvement, Major Maintenance, and Special Projects.	✓			
<b>Recommendation #5:</b> FMD should develop and use a standard framework for alternatives analysis, cost plans, and economic analysis.		✓		✓
<b>Recommendation #6:</b> FMD should develop a risk management plan and a well-documented, risk-weighted cost plan for the preferred alternative. FMD also should ensure that the project contingency is adequate based on the project phase and level of risk.		✓		✓

**Attachment A (Continued)**  
**2011 Status of FMD's Implementation of**  
**FMD CIP Planning and Programming Audit Recommendations (2008-05)**

<b>Recommendations</b>	<b>Fully Implemented</b>	<b>Partially Implemented</b>	<b>Currently In Progress</b>	<b>More Work Planned</b>
<b>Recommendation #7:</b> FMD should ensure that its project management plans are complete and updated during the life of the project, consistent with the Capital Project Oversight Program (CPO) model and implementation plan. In addition, the County Council should consider adding a provision to the King County Code requiring county agencies to develop comprehensive project management plans for all major capital facilities projects.			✓	
<b>Recommendation #8:</b> FMD should develop and use a standard framework by project category (General Government, Major Maintenance, and Special Projects) for capital project justifications when recommending a preferred alternative to the County Council or when requesting funding for the preferred alternative.		✓	✓	
<b>Recommendation #9:</b> The County Council should consider requiring a discrete planning/predesign phase along with a predesign report for FMD's major projects.	✓			
<b>Recommendation #10:</b> FMD, in collaboration with other executive agencies and the County Council's new CPO Program, should develop a communication plan and standard reporting formats for reporting capital project information in a summarized, easy-to-understand manner, as recommended by the CPO Phase I Report A. In developing the new reporting formats, FMD should consider displaying project budget and cost information that can readily be tracked throughout the duration of the project.		✓	✓	

**Attachment A (Continued)**  
**2011 Status of FMD's Implementation of**  
**FMD CIP Planning and Programming Audit Recommendations (2008-05)**

<b>Recommendations</b>	<b>Fully Implemented</b>	<b>Partially Implemented</b>	<b>Currently In Progress</b>	<b>More Work Planned</b>
<b>Recommendation #11:</b> FMD should improve its performance measures by: <ul style="list-style-type: none"> <li>▪ Expanding FMD's Major Maintenance Project schedule and budget performance measures to General Government and Special Projects.</li> <li>▪ Providing a program-level roll-up for Major Maintenance program performance measures.</li> <li>▪ Continuing participation in the OMB Capital Projects Working Group to develop effective performance measures for capital project scope and budget.</li> <li>▪ Developing and tracking a facilities condition index on county buildings to monitor success in maintaining the capital infrastructure.</li> </ul>		✓	✓	
<b>Total Recommendations</b>	<b>3</b>	<b>7</b>	<b>5</b>	<b>3</b>

**Attachment A (Continued)**  
**2011 Status of FMD's Implementation of**  
**FMD CIP Planning and Programming Audit Recommendations (2008-05)**

Recommendations	FMD'S January 2010 Status	FMD'S April 2011 Update	Auditor's Office Comments
<p>1. FMD should develop a comprehensive capital program that provides a long-term plan for its capital projects and demonstrates how they support countywide or agency goals.</p>	<p>To the extent possible, a draft long-term comprehensive capital program for general government will be developed as part of FMD's annual space planning. With the completion of the county's Strategic Plan in May 2010, the draft comprehensive plan will be aligned with the county's strategic plan subject to the existing level of resources available to do this. The FMD will be asking for additional resources to lay the technical foundation for a truly comprehensive capital program.</p> <p>The long term planning is not intended to preclude tenant agencies from bringing forward CIP suggestions as part of the annual CIP budget process. In particular, requests addressing health and safety, security, access, or minor programmatic changes will be considered as needs are identified or arise.</p> <p>The strategic space planning process is, however, intended to identify and plan for organizational changes, staffing decreases or increases, and changes in service delivery demands.</p>	<p>The "2011 Real Property Asset Management Plan" (i.e. space plan) was transmitted May 13, 2011. In addition to an enhanced package of asset management policies the plan includes a section that outlines near term space planning moves to position the County in the long term to reduce the number of capital facilities owned by the County. This will improve the cost effectiveness of long-term capital project planning for surplus facilities. This initiative is complimented by an upcoming restructuring of major maintenance capital project program to improve long-term capital project planning and budgeting at the facility level of analysis.</p>	<p>FMD fully complied with the audit recommendation to develop a comprehensive capital program that provides near and long term strategies for managing capital projects and facilities, as well as demonstrating how proposed projects support countywide or individual agency business goals.</p> <p>The 2011 Real Property Asset Management Plan (i.e., space plan) requires FMD to collaborate with county agencies to link their service requirements to real property assets to relevant sections in the agencies' strategic and business plans. Ten longer-term strategies are also identified to align the county's real property assets to the King County Strategic Plan and business strategies, and to reduce facilities costs. While the longer-term strategies are still in development, Attachment 6 of the Asset Management Plan identifies the linkages of FMD's asset management polices (e.g., maximize the productivity and value of capital investments; efficient and economical management of county-owned leased space, etc.) to the King</p>

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			<p>County Code, the Comprehensive Plan, the Strategic Plan and agency plans. The County Council unanimously passed Ordinance 17171 (2011-0235) in August 2011, adopting FMD's Asset Management Plan.</p> <p>Also, see relevant information on the alignment of FMD's capital projects with countywide and agencies plans in the Executive Response to Recommendation 2 below.</p>
<p>2. The County Council should strengthen the language in the King County Code to define the major components of capital program policy, specify the overall process required for capital programming, project planning and approval, and clarify which types of projects are subject to these requirements.</p>	<p>Three initiatives are underway that will lead to strengthened capital program requirements in the King County Code.</p> <ul style="list-style-type: none"> <li>▪ The Executive's Standards Steering Committee is comprised of County capital program managers and OMB. The Committee is in the process of developing standard core capital program requirements. This initiative to standardize procedures will lead to Executive Policies and recommended King County Code changes.</li> <li>▪ The County Executive is in the process of developing several changes to the King County Code to improve the existing capital program policies and the overall project planning process for facility</li> </ul>	<p>Four initiatives are underway that will lead to strengthened capital program requirements.</p> <p><b><u>1.) Capital Project Management Work Group and the CIP February 2010 Executive Order</u></b></p> <ul style="list-style-type: none"> <li>▪ The Executive's Standards Steering Committee is comprised of County capital program managers and OMB. The Committee has developed standardized core capital program requirements, including: <ul style="list-style-type: none"> <li>▪ Standardized Project Manual outline (individual Divisions are currently finalizing content)</li> <li>▪ Quarterly project progress reporting tools and protocols,</li> </ul> </li> </ul>	<p>The County Council has introduced legislation (2011-0177) proposed by the County Executive, former Office of Management and Budget, and CIP implementing agencies to strengthen Title 4 of the King County Code. The legislation includes new definitions, standards, policies, and processes for countywide capital project programming and planning. County Council staff and the County Clerk are actively reviewing the Executive-proposed revisions and working on the development of a new Title4A, which is expected to be adopted and replace Title 4 of the King County Code in mid-2012.</p>

**Attachment A (Continued)**  
**2011 Status of FMD's Implementation of**  
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Recommendations	FMD'S January 2010 Status	FMD'S April 2011 Update	Auditor's Office Comments
	<p>projects administered by FMD.</p> <ul style="list-style-type: none"> <li>▪ Councilmembers Ferguson and Dunn have introduced legislation to improve the oversight of project phasing and to specify mandatory pieces of information to be included in budget proposals. The latter component of the ordinance builds on the improvements introduced by the Office of Management and Budget in the 2010 budget.</li> </ul>	<p>including information on individual projects and "rolled-up" programmatic summaries.</p> <ul style="list-style-type: none"> <li>▪ Recommendations for standardized protocols for formally baselining and re-baselining projects, to be refined by Division to appropriately reflect program characteristics.</li> <li>▪ This work will continue to develop and refine countywide practices into 2012 at a minimum.</li> <li>▪ This initiative to standardize procedures could lead to additional Executive Policies and recommended County Code changes.</li> <li>▪ The County Executive has developed and proposed to the County Council a package of KCC improvements to streamline, clarify, and unify the existing capital program policies.</li> </ul> <p><b><u>2.) High Risk Project Ordinance</u></b>  The King County Council has implemented legislation that requires improved oversight of project phasing and specifies mandatory pieces of information to be included in budget proposals. The latter component</p>	<p>In March 2010 the County Council adopted Ordinance 16764 (2009-0523) that establishes standardized capital project reporting, cost estimating, and approval requirements for major capital projects. The ordinance also provides for strengthened County Council and County Executive oversight of high-risk capital projects by requiring agencies to submit phased appropriation requests for council approval prior to proceeding to the next phase of major capital projects.</p> <p>FMD is also in the process of developing two procedure manuals, consistent with the county standardized project manual, for its internal use in managing capital projects. One manual is for Project Management and the second manual is for Alternative Public Work Delivery Systems. The manuals will define the level of analysis required for various FMD capital projects above and below \$10 million.</p> <p>Finally, FMD is still in the process of institutionalizing the recently acquired Skire (Unifer) Project Management System,</p>



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		<p>of the ordinance builds on the improvements introduced by the Office of Management and Budget in the 2010 budget.</p> <p><b><u>3.) FMD "Skire" Project Management System</u></b>  FMD's new project management system was developed around budgeting by project phase consistent with the ABT functionality. FMD has also re-prioritized 2011 resources to facilitate the hiring of an employee to maximize the functionality of the recently installed project management system including project reporting.</p> <p><b><u>4.) Strategic and Business Plan Alignment with Operational Master Plans and Facility Master Plans.</u></b>  The Performance Management Work Group Subcommittee on Code Revisions to KCC 2.10 that includes Executive, Council Auditor and Council Staff members, is planning to include KCC changes to integrate the Operational Master Plan and Facility Master Plan functional requirements with the additions to the KCC involving Strategic Plans and Business Plans. The Title 4 proposed changes</p>	<p>and hired an employee with the technical expertise to maximize the use of the system. FMD has already been able to better track and report on the status of its capital projects using the new project management system. A separate King County Auditor's Office study is currently underway that examines FMD's capital project delivery performance in more detail.</p>

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Recommendations	FMD'S January 2010 Status	FMD'S April 2011 Update	Auditor's Office Comments
		transmitted to Council in April 2011 consolidate the many separate references to facility planning into a single section of the KCC. This is proposed as a first step to prepare the KCC for the eventual modification and replacement of KCC language to align with the strategic plan and business plan processes. Also, the May 2011 "Real Property Asset Management Plan" (i.e. Space Plan) includes a Strategy 6 on page 121 to align asset management policies with the product focused approach currently being developed in a pilot program.	
3. FMD should develop a regular schedule for facility condition inspections and updates to the inventory.	In 2002 FMD commissioned the "Carter Burgess Report" to inspect and characterize the conditions of numerous operating systems within all county-owned buildings, and to develop a regular major maintenance and/or replacement schedule for each. This inspection was intended to be repeated on a 5 – 7 year cycle. MMRF project 344702 "Countywide Building Survey" has budgeted \$450,000 to update the inspection and it will be done this year. As part of this effort, FMD will hire a consultant to reassess whether the 5 to 7 year cycle is sufficient or whether updates should happen more frequently. The FMD will also be	In 2002 FMD commissioned the "Carter Burgess Report" to inspect and characterize the conditions of numerous operating systems within all county-owned buildings, and to develop a regular major maintenance and/or replacement schedule for each. This inspection was intended to be repeated on a 5 – 7 year cycle. The current MMRF project 344702 "Countywide Building Survey" has budgeted \$450,000 to update the inspection and it will be completed this year. FMD's consultant is currently finishing a facility conditions survey that	FMD retained a consultant to survey FMD-operated buildings, and expects to receive a final facilities condition inspections report by the end of September 2011. Following its analysis of the consultant's report, FMD will revise its major maintenance plan for each inspected building. In collaboration with PSB, FMD will also develop recommendations on future inspection cycles—both internal and external—and management of MMFR work. Implementation of these recommendations is expected to begin in 2012.

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Recommendations	FMD'S January 2010 Status	FMD'S April 2011 Update	Auditor's Office Comments
	<p>developing a more formal process to assess facility conditions for the period between outside inspections. The updated survey will be completed this year.</p>	<p>includes:</p> <ul style="list-style-type: none"> <li>▪ Standardized characterization of the condition of FMD-operated buildings, by building system</li> <li>▪ Recommendations for intermediate and long-term system maintenance, repair, or replacement schedules, with planning-level costs</li> <li>▪ Recommendations for changes to FMD's current Major Maintenance timing and costing model, including the adequacy of the current 5- to 7-year cycle.</li> </ul>	
<p>4. FMD should develop selection criteria for its Major Capital Projects and provide an overview of its needs assessment evaluation and selection criteria to the council when it submits funding request for its General Government Capital Improvement Program, Major Maintenance Program, and Special Projects.</p>	<p>On July 21, 2008, the County Executive forwarded to the County Council a list of criteria related to a preliminary priority system for general government capital projects. In consultation with the Council Auditor, this list was refined for the 2010 Budget Process. The FMD's major projects and strategic initiatives were numerically scored based on the following weighted criteria:</p> <ol style="list-style-type: none"> <li>a. Targets a critical long-term policy need - 2 Pts</li> <li>b. Adequacy of existing facilities to meet long-term needs - 3 Pts</li> <li>c. Targets and essential service or program - 3 Pts</li> <li>d. Fulfills a programmatic need identified in an OMP or FMD - 2 Pts</li> </ol>	<p>This has been implemented. Prioritization methodology is attached for the proposed 2011 capital projects.</p>	<p>FMD fully complied with this recommendation. FMD's use of the new criteria and prioritization methodology is documented in the Executive Proposed 2011 King County Capital Improvement Program (CIP).</p>

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Recommendations	FMD'S January 2010 Status	FMD'S April 2011 Update	Auditor's Office Comments
	<p>e. Improves service delivery of agency or enhances agency's revenue - 2 Pts</p> <p>f. Addresses a life-safety risk - 3 Pts</p> <p>g. Maintains minimal operational standards of an ongoing program - 2 Pts</p> <p>h. h. Implementation of project is critical - 3 Pt s</p> <p>The project proposal was scored for each criterion based on the attached rating system.</p> <p>Based on the score for each weighted criteria, each project proposal received a rating that indicates its priority among the list of project proposals. This rating process is under review and the weighting and rating process may be modified for the 2011 budget process.</p>		
<p>5. FMD should develop and use a standard framework for alternatives analysis, cost plans, and economic analysis.</p>	<p>The FMD has adopted a framework for alternatives analysis, cost plans, and economic analysis in conjunction with and in the early part of the Pre-Design Phase of major projects. In this Phase consultants and FMD staff will do the following:</p> <p>Compile and coordinate the results of the community outreach efforts, (building program or site master plan, and SEPA noted above into a comprehensive report.</p> <p>A. Compile documents generated in developing the building program or</p>	<p>This has been implemented. See the pre-design report the Childeren and Family Justice Center project at the following website:</p> <p><a href="http://www.kingcounty.gov/operations/FacilitiesManagement/YSC.aspx">http://www.kingcounty.gov/operations/FacilitiesManagement/YSC.aspx</a></p>	<p>FMD complied with the audit recommendation as documented by alternatives analysis, economic analysis, and cost plans developed for its Children and Family Justice Center Project, which has become FMD's model approach for its major capital projects.</p> <p>Nevertheless, more work is underway by FMD to determine the degree of alternatives and economic analyses required for its other capital projects. As</p>

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Recommendations	FMD'S January 2010 Status	FMD'S April 2011 Update	Auditor's Office Comments
	<p>site master plan in the final pre-design report.</p> <p>B. Provide an analysis of each of the development alternatives inclusive of the following:</p> <ol style="list-style-type: none"> <li>1) Provide conceptual site and building layouts and massing elevations of the alternatives including.</li> <li>2) Analyze the infrastructure/utilities requirements of the proposed project.</li> <li>3) Work with OMB and operating agencies to identify, compile, and estimate operating costs. (utilities, personnel, other). Provide a comparative life cycle analysis of the alternatives, inclusive of operation costs and construction costs.</li> <li>4) Develop a cost plan for the development of each alternative that utilizes the capital and operational cost estimates, life cycle analysis and risk management plan. The cost plan shall be risk weighted with mitigation strategies and appropriate contingencies based on the project phase and level of risk.</li> </ol>		<p>noted in Recommendation 2 above, FMD is developing a procedure manual that will define the level of analysis required for various capital projects above and below \$10 million.</p>

**Attachment A (Continued)**  
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Recommendations	FMD'S January 2010 Status	FMD'S April 2011 Update	Auditor's Office Comments
	<ul style="list-style-type: none"> <li>5) Identify and meet with representatives of the authorities having jurisdiction, review permit requirements and timelines. Provide a summary of the permitting requirements.</li> <li>6) Analyze project delivery alternatives including impacts on overall schedule, risk factors and cost factors.</li> <li>7) Develop a risk management plan, based on the established purpose, objectives and goals of the project.</li> <li>8) Provide conceptual project schedules that address all incremental phases of development including; pre-design, appropriation, design, bidding, constructing, commissioning and Tenant acceptance.</li> <li>9) Provide potential sustainable design strategies to accomplish LEED certification in latter phases. Provide strategies for incorporating principles of sustainability in the design of this facility, including identification of systems that provide environmental quality (lighting,</li> </ul>		

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	<p>indoor air quality, acoustics), energy conservation, and resource efficiency.</p> <p>10) Provide miscellaneous documentation in the form of written analysis, graphics, estimates, and schedules for use in obtaining additional funding for the project.</p> <p>This process is being implemented for jail expansion options and options for the replacement of the YSC Courthouse</p>		
<p>6. FMD should develop a risk management plan and a well-documented, risk-weighted cost plan for the preferred alternative. In addition, FMD should ensure that the project contingency is adequate based on the project phase and level of risk.</p>	<p>A risk management plan was used on the Harborview- Maleng building that was managed by UW.</p> <p>A risk register was kept on the data center replacement project.</p> <p>Proposed legislation 2009-0523 calls for a formal risk assessment for high-risk projects before beginning final design and for a risk register to be kept.</p> <p>FMD has a standard estimating framework that provides guidance for setting project contingencies.</p>	<p>FMD uses standardized cost estimating forms. Industry established contingency factors are used based on the level of design and the overall type of project.</p> <p>See the Children and Family Justice Center pre-design report for standardized estimating format for large projects.</p> <p>FMD's new project management system has a built in risk management tool that identifies and quantifies risk that can be used to forecast budget issues.</p>	<p>See Recommendation 5 above for the FMD's Children and Family Justice Center risk management plan model and well-documented weighted cost plan for the preferred alternative. FMD also has other project examples with comprehensive risk mitigation plans, such as the county's South Regional Roads Maintenance Facilities and the Data Center Relocation. However, FMD is still in the process of developing a procedure manual for internal use in planning and managing its capital projects that will ensure that risks and costs are consistently analyzed for CIP projects above and below \$10 million.</p>

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**2011 Status of FMD's Implementation of**  
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Recommendations	FMD'S January 2010 Status	FMD'S April 2011 Update	Auditor's Office Comments
<p>7. FMD should ensure that its project management plans are complete and updated during the life of the project, consistent with the Capital Project Oversight Program model and implementation plan. In addition, the council should consider adding a provision to the King County Code requiring county agencies to develop comprehensive project management plans for all major capital facilities projects.</p>	<p>Proposed legislation 2009-0523 does not use the term project management plan, but does describe many elements of a plan in the requirements for high-risk projects. The proposed legislation assesses all potential projects over \$10 million for whether they are high risk.</p>	<p>In addition to the prior update, FMD is in the process of preparing a project management manual with an outline specified by the CPMWG to ensure project management plan consistency among the 11 King County capital programs. In the recent omnibus supplemental ordinance, FMD requested and received budget authority to fund the development of the project management manual.</p>	<p>Ordinance 16764 requires FMD and other county agencies implementing project management plans to provide complete and updated information to county decision-makers during the life all capital project over \$10 million. The contents of the status reports and communications are defined for each CIP project phase in the Ordinance. FMD expects to complete its new capital project management manual in mid-2012 that will specify the elements of project management plans and communication plans for various types and thresholds of CIP projects.</p>
<p>8. FMD should develop and use a standard framework by project category (General Government, Major Maintenance, and Special Projects) for capital project justifications when recommending a preferred alternative to the County Council or when requesting funding for the preferred alternative.</p>	<p>See response to item 5.</p>	<p>See response to item 5.</p>	<p>FMD complied with this audit recommendation for a major capital project, as documented by the alternatives analysis, economic analysis, and cost plans developed for the Children and Family Justice Center Project.</p> <p>Standard procedures for justifying and recommending a preferred alternative for FMD projects will not be in place until mid-2012.</p>



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<p>9. The council should consider requiring a discrete planning/pre-design phase along with a pre-design report for FMD's major projects.</p>	<p>Would be required on high-risk projects by 2009-0523. Phases are conceptual; preliminary design; final design; and construction. Note that these phases are not all managed directly by King County in the case of developer delivered projects.</p>	<p>FMD implemented the first pre-design report for the Children and Family Justice Center project. On a more global level in the proposed changes to the KCC three of the six separate and discrete phases for all projects pertain to pre-implementation work: Planning, Preliminary Design, and Final Design.</p>	<p>The County Council adopted Ordinance 16764 to strengthen County Council and County Executive oversight of high-risk (over \$10 million) capital projects. The ordinance requires phased appropriation requests and approvals at the completion of the major capital project phases, including the planning, pre-design, and final design phases. The ordinance identifies the reporting requirements for FMD and other county agencies at each phase of the project, including project scope, cost estimates/plans, project risks, and schedule of major milestones; and overall performance.</p> <p>The County Council will also consider additional provisions to strengthen CIP reporting and oversight in 2011 and 2012 when action is taken on pending legislation (2011-0177) developed by the County Executive, the former Office of Management and Budget, and County Council staff to Title 4 of the King County Code.</p>
<p>10. FMD, in collaboration with other executive agencies and the council's new Capital Project Oversight Program,</p>	<p>FMD is still working on this, predominately with OMB as well as the Capital Project Standards Committee. They produced a report</p>	<p>The CPMWG committee, formed by the Executive, has established a standardized reporting format. The proposed KCC changes</p>	<p>Ordinance 16764 (proposed Ordinance 2009-0523) requires FMD and other county agencies to establish a communication</p>

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**2011 Status of FMD's Implementation of**  
**FMD CIP Planning and Programming Audit Recommendations (2008-05)**

Recommendations	FMD'S January 2010 Status	FMD'S April 2011 Update	Auditor's Office Comments
<p>should develop a communication plan and standard reporting formats for reporting capital project information in a summarized, easy-to-understand manner, as recommended by the Capital Project Oversight Phase I Report A – submitted to the council in August 2007. In developing the new reporting formats, consideration should be given to displaying project budget and cost information that can readily be tracked throughout the duration of the project.</p>	<p>of all projects over \$750,000 in 2008 as required by council proviso.</p> <p>Proposed Ordinance 2009-0523 under consideration by the County Council establishes a communication plan and standard reporting formats for reporting capital project information.</p> <p>The 2010 Budget set forth specific quarterly reporting requirements for Major Maintenance, General Government, and Parks CIP projects.</p>	<p>transmitted to the County Council in April 2011 streamline existing reporting requirements and specify inclusion of CIP projects over \$1,000,000 in the existing quarterly report currently limited to operating budget information.</p> <p>FMD's new project management system will allow for reporting in this new format.</p> <p>Council has placed provisos in the past two years' CIP budgets defining comprehensive quarterly status reports covering all capital funds managed by FMD. The required elements go considerably beyond those identified in the audit findings:  <i>Each quarterly report must include, but not be limited to: (1) project scope, including project description and any explanation of scope changes; (2) project budget, including life to date appropriations, estimate at completion, and project baseline; (3) project schedule, including current phase, project status, and phase start and end dates; and (4) project management hours, including project manager identification, project management hours expended on the project to date and total projected project management</i></p>	<p>plan and standard reporting formats for high-risk CIP projects. Again, FMD plans to integrate legislative mandates and executive directives in its new CIP procedural manual to be released in mid-2012.</p> <p>Some standardized CIP budget and reporting formats have already been developed and have been in use since the development of the 2010 and 2011 CIP Budget.</p>

**Attachment A (Continued)**  
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Recommendations	FMD'S January 2010 Status	FMD'S April 2011 Update	Auditor's Office Comments
		<i>hours. Each quarterly report must identify any milestone or work item that was to be completed in the quarter and whether the milestone was missed or not completed.</i>	
<p>11. FMD should improve its performance measures by:</p> <ul style="list-style-type: none"> <li>▪ Expanding FMD's Major Maintenance Project schedule and budget performance measures to General Government and Special Projects.</li> <li>▪ Providing a program-level roll-up for Major Maintenance program performance measures.</li> <li>▪ Continuing participation in the OMB Capital Projects Working Group to develop effective performance measures for capital project scope and budget.</li> <li>▪ Developing and tracking a facilities condition index on county buildings to monitor success in maintaining the capital infrastructure.</li> </ul>	<p>The FMD has been tasked with providing the County Council a quarterly performance report on its general government capital projects and special projects. The specific requirements of these reports address the applicable performance measures.</p> <p>The program-level roll-up for program performance measures, including milestones, will be under consideration in the FMD's new project management system. Development of major maintenance performance measures will also be thoroughly explored with the consultant hired to the facility condition inspections and data update.</p> <p>Also, the FMD continues to participate in the OMB Capital Projects Working Group to develop effective performance measures for capital project scope and budget.</p> <p>The FMD intends to fully explore the development of a facilities condition index as a basis for performance</p>	<p>The FMD has been tasked with providing the County Council a quarterly performance report on its general government capital projects and special projects. The specific requirements of these reports address the applicable performance measures.</p> <p>A program-level roll-up for program performance measures, including milestones, currently being developed by the Capital Project Management Work Group will be incorporated into the FMD's new "Unifier" project management system. Development of major maintenance performance measures will also be thoroughly explored with the consultant hired to the facility condition inspections and data update.</p> <p>Also, the FMD continues to participate in the OMB Capital Projects Working Group to develop effective performance</p>	<p>FMD, in conjunction with the Office of Performance, Strategy and Budget, and the Capital Projects Working Group, has actively participated in the development of effective performance measures and a reporting format that will allow the County Executive and County Council to provide adequate oversight of major capital project scopes and budgets. Although drafts of the new performance measures and reporting format have been informally circulated, the first formal report is scheduled for official release by PSB in November 2011.</p> <p>FMD is also making progress on developing a condition facilities report and updating major maintenance project inventory based on the results of the report as reported in Recommendation 3 above. Implementation of these recommendations is expected to begin in 2012.</p>

**Attachment A (Continued)**  
**2011 Status of FMD's Implementation of**  
**FMD CIP Planning and Programming Audit Recommendations (2008-05)**

Recommendations	FMD'S January 2010 Status	FMD'S April 2011 Update	Auditor's Office Comments
	<p>measures by considering recommendations of the consultant performing the building condition inventory and by researching indexing other governmental entities such as the University of Washington does. Such an indexing could become a component to the major maintenance model developed through Carter Burgess several years ago.</p>	<p>measures for capital project scope and budget.</p> <p>The FMD intends to fully explore the development of a facilities condition index as a basis for performance measures by considering recommendations of the consultant performing the building condition inventory and by researching indexing other governmental entities such as the University of Washington does. Such an indexing could become a component to, or a replacement of, the major maintenance model developed through Carter Burgess several years ago.</p>	